

Title/Subject: **CONTINUATION OF INSURANCE BENEFITS - UNPAID LEAVE OF ABSENCE**

Applies to: faculty staff students student employees visitors contractors

Effective Date of This Revision: July 1, 2008

Contact for More Information: Benefits & Wellness Office
108 Rowe Hall
989-774-3661
benefits@cmich.edu

Board Policy Administrative Policy Procedure Guideline

PURPOSE:

This policy is established to provide guidance on the procedures for continuation of benefits when an employee is placed on an unpaid leave of absence. Treatment of benefit continuation may vary based on the type of unpaid leave of absence that applies.

DEFINITIONS:

- The term ‘employee’ refers to any eligible employee actively enrolled in CMU’s group health coverage.
- COBRA - The Consolidated Omnibus Budget Reconciliation Act requires group health plans to offer employees, spouses, and/or dependents, who under certain circumstances would lose coverage, the opportunity to continue coverage for a limited period of time at group rates. For more information on COBRA please refer to the [COBRA Policy](#).
- HIPAA Certificate - HIPAA requires group health plans to furnish certificates of creditable coverage to certain individuals who lose coverage under a group health plan. This certificate is evidence of your coverage under the plan. Under the federal law known as HIPAA, you may need evidence of your coverage to reduce a preexisting condition exclusion period under another plan, to help you get special enrollment in another plan, or to get certain types of individual health coverage even if you have health problems.
- Terminal illness means a life expectancy of 12 months or less.

POLICY:

Central Michigan University (CMU) will provide eligible employees the option to continue their benefits while on an approved unpaid leave of absence. Unpaid leave of absence begins when the employee has been in an unpaid status for more than one full pay period. In the event that unpaid time takes place over less than one full pay period, the leave will be recorded as lost time and an Unpaid Leave of Absence Form is not required.

Continuation of Benefits: Employees have a 30 day grace period from the start of the unpaid leave of absence (the status change event) to make an initial payment for coverage and to make changes to their benefit elections while on leave of absence. The Benefits & Wellness office will notify employees of continuation options for benefits in which the employee is enrolled at the time of their leave of absence.

Authority: M. Rao, President

History: 7-1-05

Indexed as: Benefits Continuation; Unpaid Leave of Absence; Leave of Absence – Benefits; COBRA; HIPAA; FMLA

Title/Subject: **CONTINUATION OF INSURANCE BENEFITS - UNPAID LEAVE OF ABSENCE**

1. Employees must contact Benefits & Wellness for benefit cost information. Payment must be received within the 30 day grace period from the start of the unpaid leave of absence to avoid cancellation of benefits.
2. Cancellation of benefits will be effective retroactive to the first day for which payment was due. Any claims that have already been paid by the plan for services incurred after the effective date of termination of coverage will be billed to the employee.

Qualifying Status Change Events During an Unpaid Leave of Absence: If a qualifying status change event takes place (i.e. birth of child, marriage, divorce, etc.) while the employee is on an unpaid leave of absence it is the employee's responsibility to notify the Benefits & Wellness office, in writing, by completing a [Status Change form](#) if they want to add/delete a dependent from their benefits while on unpaid leave of absence. Additional details regarding Status Changes can be found on the Human Resources website: <http://www.hrs.cmich.edu/benefits/status-changes.htm>

PROCEDURE:

Changes to Benefit Coverage:

1. An employee placed on an approved unpaid leave of absence has the option to continue certain benefits during the leave of absence. The employee may also change elections for benefits in which the employee participated immediately prior to the leave of absence.
 - a. An employee may change benefit elections by returning to the Benefits & Wellness office a completed status change form within 30 days of the effective date of the unpaid leave of absence. Election changes will be effective on a prospective basis.
 - b. There may be specific continuation provisions for short and long term disability plans; please refer to the [STD and LTD Booklet](#) for more information.
 - c. For those employees who are eligible for tuition waiver benefits and who go on an unpaid leave of absence as a result of a terminal illness: at the time the unpaid leave of absence begins, tuition waiver benefits will be continued for dependents according to the [Survivor Benefit Policy](#).
2. If the employee returns to active work status following the unpaid leave of absence, all benefit elections will be reinstated to the elections that were in place prior to the leave of absence (including those that may have been cancelled while the employee was placed on unpaid leave of absence). The employee may change benefit elections consistent with the return to eligible status by completing a [Status Change form](#) and returning the completed form to the Benefits & Wellness office within thirty (30) days of the date the employee returns to active work status.

Cost of Coverage: The employee will be responsible for all or part of the benefit premium while on unpaid leave of absence, depending on the type of unpaid leave of absence for which an employee is approved:

1. Employees placed on an approved [Family and Medical Leave Act \(FMLA\)](#) unpaid leave of absence are responsible for paying an amount equal to the active employee contribution of benefit premiums for medical, prescription drug, dental and/or vision benefits (if currently enrolled in and electing to continue) during the FMLA unpaid leave of absence. Employees are responsible for paying an amount equal to the full premium (will not receive the university contribution), for other benefits (if currently enrolled in and electing to continue) which may include flex spending accounts (health care and dependent day care), employee life insurance, long-term disability, short-term disability, spouse life insurance, and child life insurance, during the FMLA unpaid leave of absence.
2. Employees placed on an approved [non-FMLA](#) unpaid leave of absence (i.e. FML has been exhausted, personal leave, etc.) are responsible for paying an amount equal to the full premium, including University contributions, for all benefits (if currently enrolled in and electing to continue) which may include medical, prescription drug, dental, vision, flex spending accounts (health care and dependent day care), employee life insurance, long-term disability, short-term disability, spouse life insurance and child life insurance.

Title/Subject: **CONTINUATION OF INSURANCE BENEFITS - UNPAID LEAVE OF ABSENCE**

3. Employees placed on an approved Workers' Compensation unpaid leave of absence are responsible for paying an amount equal to the active employee contribution of benefit premiums for all benefits (if currently enrolled in and electing to continue) which may include medical, prescription drug, dental, vision, flex spending accounts (health care and dependent day care), employee life insurance, long-term disability, short-term disability, spouse life insurance, and child life insurance, during the workers' compensation unpaid leave of absence.

Benefit Payments: Employees who have been placed on an approved unpaid leave of absence will be required to pay for their benefits premiums during the length of their leave of absence.

1. The initial payment due includes the cost of coverage for the remainder of the month in which the unpaid leave began as well as the full month following. The initial payment is due within 30 days of the effective date of the unpaid leave of absence. If payment is not received by the due date, benefits will be cancelled retroactively to the first date for which payment was due.
2. Subsequent monthly premium payments are due on the 1st day of each month and may be dropped off in person or sent by mail. Monthly payments must be received in the Benefits & Wellness office on or before 5:00pm on the 1st day of each month for which coverage is continued. Billing statements will not be provided. Acceptable payment can be in the form of cash, personal check, money order or cashiers check.
3. Failure to pay either the initial payment within 30 days of the effective date of the unpaid leave or subsequent monthly benefit premiums within a thirty (30) day grace period of the payment due date will result in retroactive cancellation of benefits effective the first day for which the payment was due. As a result of a retroactive termination, any claims that have already been paid by the plan for service dates that occur after the effective date of the termination of coverage may be billed to the participant and will become the responsibility of the participant to repay to the plan.
4. In the event that a personal check is returned to the University for non-payment, employees must re-submit that payment (and all future payments) before the end of the thirty (30) day grace period in only the form of cash, money order or cashiers check. If a personal check is returned for non-payment after the thirty (30) day grace period, benefit coverage will be cancelled due to failure to pay.

COBRA/HIPAA: Special COBRA/HIPAA rules apply for those employees on a qualifying unpaid leave of absence.

1. Those employees who are on FMLA unpaid leave who cancel health coverage during the leave will be issued a HIPAA certificate of prior coverage. However, a COBRA qualifying event will not occur until the end of the FMLA leave. For more information on the Family and Medical Leave Act please refer to the [FMLA Policy](#). A COBRA letter/election form will be issued at the end of the FMLA leave for benefits that were in effect prior to the beginning of FMLA leave.
2. Those employees who are on an unpaid non-FMLA leave of absence and do not return to work at the end of their unpaid leave will be offered COBRA continuation coverage for those benefits which they have elected to continue, and for which they have paid for during their unpaid leave of absence.
 - a. If an employee is on an unpaid non-FMLA leave and loses coverage due to non-payment of premiums or drops coverage, this is not a COBRA qualifying event and the employee will not have the opportunity to elect COBRA continuation coverage.

Central Michigan University reserves the right to make exceptions to, modify or eliminate this policy and or its content. This document supersedes all previous policies, procedures or guidelines relative to this subject.